



**Infrastructure
Management Group, Inc.**

212520

June 20, 2000


DEPT. OF TRANSPORTATION

65 JAN 17 AM 11:45

MEMORANDUM

JAA-03-14246-4

TO: Kevin Willis
Federal Aviation Administration

FROM: Steve Steckler 
Infrastructure Management Group, Inc.

RE: New Orleans Lakefront Airport Application Information

Attached are two pieces of information that may be helpful in answering the queries in Director Bennett's letter to Orleans Levee District President James Huey of May 17.

The first attachment is a copy of a memorandum from the Orleans Levee District's Comptroller, Mary Herbert to the District's Executive Director. This memorandum answers Mr. Bennett's question regarding the Airport's finances, including how the Airport might become financially viable as a stand-alone entity once privatized. It explains the method by which the District maintains the Airport accounts and the underlying basis of the recurring losses shown. As noted in our conversations, both I and the short-listed firms believe that privatization, with its emphasis on innovative cost control and development of new revenue sources, can render the Airport both profitable and of much greater utility to aviation users.

The second attachment is the final version of the Request For Proposals that was released to the short-listed firms on May 30th. Short-listed firms include American Airports Corporation, American Port Services, Cintra, Raytheon-Staubach-Frankfurt, and TBI. This is quite an impressive list considering the size of the Airport. It is also a promising demonstration of the Airport's attraction as a potential privatization showcase for the Pilot Program, the Orleans Levee District and the successful bidder.

On behalf of the District, we would be pleased to provide you with any other information you may need as a response to Mr. Bennett's letter and any additional support for the District's application to the Pilot Program. Please call me any time at (301) 907-2900, or by e-mail at ssteckler@imggroup.com.

cc: Mr. James P. Huey, President of the Board of Commissioners
Mr. James E. Livingston, Chairman of the Aviation Committee
Mr. Max L. Hearn, Executive Director
Mr. Gerard Metzger, Counsel to the District

[Attachments to primary addressee only]

Board of Commissioners
Orleans Levee District

OFFICE MEMO

June 1, 2000

TO: Max L. Hearn
Executive Director

FROM: Mary E. Herbert, CPA, CGFM
Comptroller



RE: Response to FAA Letter

Below is a proposed response to item d. in the FAA letter dated May 17, 2000 to James P. Huey, from David L. Bennett, Director, Office of Airport Safety and Standards:

1. The deferred revenue account is used to record prepaid revenue or to report undistributed cost reimbursements. At fiscal year-end June 30, 1999, the large balance in the account, \$1,678,980, reflected amounts received from FEMA to reimburse the District for damages sustained from Hurricane Georges in September 1998. Reimbursements were received in advance of the completion of repairs, and revenue recognition is being delayed until matching costs are reported.
2. With respect to the questions about cash, current assets and liabilities, the financial position is best understood once the following circumstances are disclosed:
 - a. The Orleans Levee District operates on a pooled cash concept which holds all cash in General Fund accounts (except where funds are specifically dedicated – Debt Service and Special Levee Improvement Funds). Thus, all cash for the General and Enterprise Funds is held in the General Fund accounts.
 - b. The "Due to Other Funds" and "Due from Other Funds" accounts keep track of the funds received or paid out on behalf of each of the Enterprise Funds. Thus, the amount reported for Lakefront Airport at June 30, 1999 in the amount of \$9,435,150 should be interpreted as the amount by which costs paid on behalf of the Airport have exceeded income from the Airport. Of equal importance are the facts that these amounts have built up over a number of years, and the amounts are not technically "current liabilities/obligations". Despite the impact on these account balances of current transactions, the "amounts due" are not required to be settled annually. Thus, they are long-term in nature. The amount Due to Other Funds reported by the Airport recognizes, therefore, subsidies from the other funds.

In general, the reported losses at the New Orleans Lakefront Airport reflect two significant cost elements which might be improved upon under privatization: \$1.5 million in annual depreciation, and \$400,000 of allocated administrative and general cost (salaries, benefits and materials and supplies).

If you should have any questions concerning this information, please do not hesitate to contact me at ext. 559.

MLH/JBB/asj

xc: Randolph W. Taylor, Director of Aviation
James B. Bollinger, CPA (inactive), Assistant Comptroller

Requests for Proposals

for

**A Public-private Partnership
for the Lease, Development and Operation of
New Orleans Lakefront Airport**

by

**The Board of Commissioners
of the Orleans Levee District
New Orleans, Louisiana**

May 30, 2000

- **Request for Proposal Meeting:** **June 13, 11:00 AM CDT**
- **Due Date for Proposals:** **July 31, 4:00 PM EDT**

I. INTRODUCTION

A. Purpose

By this Request, the Board of Commissioners of the Orleans Levee District ("the District") is seeking proposals ("Proposals") from short-listed firms or consortia ("Respondents") that have previously expressed their interest in the operation and development of the Lakefront Airport and its properties ("the Airport") by submitting a Statement of Interest and Qualifications. In order to maximize the development and revenue potential of the Airport and to generate a favorable economic stimulus to the community, the District has determined that the Airport could be managed, operated and developed by an entity selected through a competitive process. The District intends to conduct this competitive process leading to 50-year lease of the Airport to a private operator/developer, with a sale option exercisable by mutual agreement within 5 years after the initiation of the lease.

The District desires to have the Airport operated as an aviation facility available for public use in accordance with all applicable laws and regulations and in compliance with all existing and future agreements between the District and the FAA, specifically including, but not limited to FAA grant agreements and the Airport sponsor grant assurances. Any agreement between the successful Respondent and the District shall be subject to the approval of the District's Board of Commissioners and, if applicable and to the extent required by law, the FAA and any other state or federal agency with jurisdiction over the agreement.

The resulting public-private partnership will be structured to achieve the following goals and objectives of the District:

1. To ensure that the Airport is a self-financing enterprise that serves the business, commercial and recreational needs of the community, the City of New Orleans and the metropolitan area, the District and the Airport's tenants.
2. To ensure that the District receives an annual income stream from the Airport sufficient to cover, as a minimum, all direct and overhead expenses associated with the provision of any District services provided to the Airport at the request of the operator after transfer, as well as return on any prior investments made by the District in assets that may be transferred as part of the transaction.
3. To assure the District and the community that the Airport is developed and operated to its highest and best use consistent with community interests, providing an increasing economic stimulus to the District, community and the City of New Orleans.
4. To assure the continued and significant improvement in the quality and value of the services provided to Airport users.

The District has reviewed the statutory requirements and two notices issued by the Federal Aviation Administration, 62 F.R. 19638 (issued April 22, 1997) and 62 F.R. 48693 (issued September 16, 1997) with regard to the FAA's Privatization Pilot Program, and is prepared to meet those requirements. In addition to the goals noted above, the following statutory objectives of 49 U.S.C. § 47134(c) must be satisfied should the District participate in the Pilot Program:

1. the Airport will continue to be available for public use on reasonable terms and conditions without unjust discrimination;
2. the operation of the Airport will not be interrupted if the private operator experiences bankruptcy or other financial difficulty;
3. the private operator will "maintain, improve and modernize" Airport facilities through capital investments, and submit a plan for these actions;
4. Airport fees imposed on air carriers will not increase faster than inflation unless a higher amount is approved by at least 65 percent of the air carriers using the airport and the air carriers having at least 65 percent of the landed weight of aircraft at the airport;
5. the percentage increase in fees imposed on general aviation operators will not exceed the percentage increase in fees imposed on air carriers;
6. safety and security will be maintained "at the highest possible levels;"
7. adverse effects of noise from airport operations will be mitigated to the same extent as at a public airport;
8. adverse effects on the environment from airport operations will be mitigated to the same extent as at a public airport; and
9. any collective bargaining agreement that covers airport employees and is in effect on the date of the sale or lease of the airport will not be abrogated by the sale or lease.

In addition to these requirements, in order for the District to participate in the FAA Privatization Pilot Program, the FAA Administrator must find that the transfer of the Airport to the successful Respondent will not result in unfair and deceptive trade practices or unfair methods of competition, and that the interests of general aviation users are not adversely affected. However, failure by the Administrator to make such a finding will not necessarily affect the District's consummation of the public-private partnership aside from participation in the Pilot Program. The Respondent should note that, should it be selected by the District for the public-private partnership, the Respondent's cooperation will be required in supporting the District's application to the Pilot Program.

If the District determines, in its sole discretion, that none of the lease proposals submitted is acceptable and/or the District's application for participation in the FAA Privatization Pilot Program is not ultimately approved by the FAA, the District reserves the right to reject all proposals or negotiate an alternative type of privatization agreement, such as a management contract, with the top-ranked Respondent that submitted a lease proposal. If such an agreement cannot be reached in a timely manner with the top-ranked Respondent, then the District may either terminate the privatization process or move to negotiate with the next-ranked Respondent.

B. Information and Contact with the Airport and the District

IMPORTANT: Qualified Respondents should note that direct contact with Airport or District officials is prohibited during this competition process except for official Information Meetings and Airport visits scheduled through the District's advisor, Infrastructure Management Group, Inc. ("IMG").

Any calls, correspondence, queries or requests must be directed to IMG, and not to the Airport or the District. IMG can be contacted by phone (301) 907-2900, ext. 3006, fax (301) 907-2906, E-mail at tgerachis@imggroup.com, or mail at Infrastructure Management Group, Inc., 4733 Bethesda Avenue, Suite 600, Bethesda, MD 20814. Principal IMG contacts are: Steve Steckler, President, Jorge Gonzalez, Vice President for Aviation Services, and Thalia Gerachis, Project Administrator. Contact with the District through any other means may result in the Respondent's disqualification from the competition process.

II. SCOPE OF SERVICES

A. Minimum Airport Management and Operations Responsibilities

The selected Respondent will be required to provide an airport manager and appropriate staff to operate the Airport on a seven-day-a-week, 24-hours-per-day basis. The Respondent's airport manager and staff will have, at a minimum, full responsibility for all of the operation and maintenance of the Airport (and more, if the District selects a lease or sale option), including, but not limited to, the following list of Airport-related services:

1. Coordinate and maintain airport security.
2. Maintain safety of runways and taxiways and provide ARFF services.
3. Coordinate with FAA personnel and Louisiana Department of Transportation and Development (LaDOTD) regarding grant and operational matters, as necessary.
4. Supervise and perform all services such as maintenance and maintain adequate records.

5. Coordinate any construction, maintenance, or other activities at the Airport to minimize interference with Airport operations.
6. Enforce Airport regulations and other applicable statutes or rules.
7. Develop a Community Action Plan in order to manage community, City of New Orleans and LaDOTD relations, including the designation of a member of the Respondent's on-Airport staff responsible for community liaison, to be submitted annually to the District for its review and concurrence.
8. Act on behalf of the District in conducting liaison with the State of Louisiana, the City of New Orleans and Federal agencies on matters relating to aid programs and operations.
9. Provide general care of the Airport (including roadways and parking facilities within the Airport property) to insure cleanliness, good appearance, and efficient, safe operation.
10. Develop revised Airport rules and regulations applicable to Airport users within the first 90 days, for review by the District.
11. Develop emergency plans, coordination of off-airport resources, as well as coordination with the District on its emergency operations plans.
12. Provide contractual services with third parties.
13. To assist the District in meeting its goals for the participation of Disadvantaged Business Enterprises (DBE), including designation of a person within the Respondent's on-Airport staff responsible for overseeing such assistance and compliance with any public-private partnership contract provisions relating to DBE participation that may be required by law.
14. Furnish, operate and maintain all mechanical, plumbing, electrical and communications systems as may be required to operate the Airport.
15. Arrange and pay for all water, sewer, electricity, gas, telephone and other utilities as may be necessary to operate the Airport (there is currently only single metering for electricity in the terminal building).
16. The operator will be expected to maintain separate financial accounting records to properly record and categorize revenues by function on a basis (consistent with generally accepted accounting principles) of sufficient detail to assure the District of the safeguarding of the assets being managed. The operator will be expected to provide the District at least quarterly and year-to-date statements of operating reports, and to permit inspection and/or audit of financial and operating records sufficient to support verification of any formula-based lease payment to the District, any contractually-required maintenance or capital expenditure, and to satisfy any FAA Pilot Program requirements.

17. Complete and update an airport layout plan, and annually submit to the District a 5-year capital improvement program ("CIP"), addressing the operational needs of the Airport. The operator will consult with the District during the preparation of the CIP and upon its completion.
18. Assure that aviation fuel, aircraft maintenance and other aircraft services reasonably required to meet the needs of the users of the Airport are provided on the Airport.
19. Obtain and maintain fire, casualty and flood insurance for the Airport and its facilities and in addition, a general liability insurance policy including aircraft liability and airport operator legal liability, automobile liability and workers' compensation coverage.
20. Operate stores, concessions, restaurants or other consumer service activity related to airport activity or customers.
21. Maintain and operate the fuel farm.
22. Properly manage any environmental and noise issues arising from the contractor's operation of the Airport.
23. To develop and market the Airport.
24. To coordinate with the District on the District's operations and maintenance of any on-Airport facilities remaining under the District's responsibility, including any required FEMA reports in the event of a Federal disaster declaration.
25. Manage all tenant-related services and liaison. Current Airport leases and contracts will be assigned to the operator unless such assignment by the District is prohibited by statute, regulation or contract.

B. Additional Services and Considerations

The list above constitutes most of the operations and maintenance activities of the Airport. The District also reserves the right to modify the list, with appropriate corresponding changes to compensation, if any, as part of the negotiation of the final public-private partnership contract.

The Respondent should also be aware that the Airport is not within the flood protection zone. The District intends to retain under its direct control all aspects of flood protection handled by the District, including the drainage system and floodgates on the Airport.

C. Rights of the District and FAA

1. The District, by its officers, employees, or agents shall retain the right to enter upon the Airport premises for the purpose of inspection of the premises and

operation of the flood protection features adjacent to and surrounding the Airport.

2. The District shall reserve the right to take proper action to protect the aerial approaches of the Airport against obstruction.
3. The District shall reserve the authority to ensure that the Airport will be operated and maintained in accordance with pertinent Federal statutes, rules, regulations and covenants contained in the Assurances.
4. To the extent that the law or grant assurances may require, the approval or formal release of the FAA may be necessary for any construction on those portions of the Premises designated on the ALP as being for aviation purposes.
5. It is understood that the District may utilize a mechanism, such as an Airport or District committee or commission, to monitor the Airport and its operations.
6. The District intends to retain under its direct control the following functions:
 - Final Assurance of FAA/AIP Regulatory and Grant Assurance Compliance;
 - Enforcement of all of the required terms for the Airport's successful participation in the FAA Privatization Pilot Program
 - Wetlands and Environmental Mitigation Policy

III. SUBMITTAL FORMAT AND CONTENTS

A. Structure of the Public-Private Partnership

The District has determined that the opportunity to manage and develop the Airport will be tendered to a single firm or consortium by means of a 50-year lease of the facility, with related operating and development agreements, if any, and a mutually-exercisable option to purchase within 5 years after the initiation of the lease (NOTE: the specific terms of any such sale would be determined at the time of sale and need not be included in this proposal). The District intends to establish the relationship with a single firm or consortium that will manage and develop the Airport for the mutual benefit of both parties and the community.

B. Proposal Document Submittal

The Proposal must consist of two documents: the Technical Proposal and the Financial Offer. **One Original and Five (5) Copies** of each document of a firm and irrevocable Proposal for the lease of the Airport lands, buildings and equipment, as a whole, must be received on behalf of the District by **July 31, 2000 at 4:00 pm EDT** at the offices of Infrastructure Management Group, Inc., located at the following address:

Infrastructure Management Group, Inc.
4733 Bethesda Avenue, Suite 600
Bethesda, MD 20814.
Phone (301) 907-2900, Fax (301) 907-2906
Attention: Ms. Thalia Gerachis.

IMPORTANT: The Financial Offer **MUST** be submitted in a **SEPARATE SEALED ENVELOPE**, and may not be bound or replicated in any fashion in the Technical Proposal document, nor may the terms of the Financial Offer be disclosed in the Technical Proposal documents. Any explicit discussion of the relationship of the terms of the Financial Offer to the Technical Proposal must be included in the Financial Offer, and not in the Technical Proposal.

Both the Technical Proposal and the Financial Offer, must each be signed by a senior executive of the Respondent who is authorized to bind the firm to its Proposal. The Proposal must include a notarized **Statement of Corporate Authority** confirming this authority to bind the Respondent to the Proposal.

Proposals arriving after the submittal deadline will be returned unopened. The District reserves the right to disqualify Proposals that it believes to be incomplete or non-compliant Proposals.

C. Proposal Content and Organization

In order for a Proposal to be considered by the District, the following items must be addressed in the order specified below.

1. Cover Letter

The Cover Letter may take any form, but should include the following:

- a. An identification of the firm or consortium submitting the Proposal, including the name and role of each participating firm, if more than one.
- b. The name, address, telephone, fax and e-mail address of the principal contact(s) for the Respondent.
- c. A brief introduction to the Proposal and highlights of the Respondent's Qualifications and Proposal (not including specifications of the Financial Offer).

2. Table of Contents

The Table of Contents should list Proposal sections, charts, tables and any Appendices in the order in which they appear in the Proposal document.

3. Notarized Statement of Corporate Authority and Letter of Commitment

The Proposal must include (1) a Letter of Commitment to Proposal declaring that the Respondent, if selected, agrees to be bound to the content of its Proposal, and (2) a notarized statement (such as a Board Resolution, Shareholder Resolution, Statement of the Chief Executive Officer of the corporation, or other comparable empowering document) declaring that the individual signing the Letter of Commitment to Proposal is genuinely empowered to bind the Respondent to the content of its Proposal.

4. Description of the Respondent

The Description of the Respondent must include the elements listed below.

- a. Name, address and role of each corporate entity included in the Submittal.
- b. Name and address of any affiliated parent and/or subsidiary.
- c. Name and function of proposed key staff that will be responsible for the daily operation of the Airport and respond directly to the District.

5. Operations and Maintenance Plan

The Proposal must include an Operations and Maintenance Plan demonstrating that the Respondent understands the basic operating and maintenance requirements and ongoing needs of the Airport. The Operations and Maintenance Plan must include the items listed below.

- a. An organization chart for Airport operations, maintenance and management and emergency response.
- b. Basic staffing levels and hours of operation.
- c. Major repairs or replacements that the Respondent intends to implement within the first three years of operation.
- d. A description of the system to be employed by the Respondent for the following: ensuring adequate and proper routine and preventive maintenance, identifying and completing major repairs and replacements, and providing unplanned or emergency maintenance. This system should be sufficient to ensure – and to demonstrate to the District through periodic reports -- that the Airport is consistently maintained in current or better-than-current condition for the term of the lease.

- e. Whatever innovative operations and maintenance systems, policies and procedures it plans to utilize at the Airport, particularly if those systems, policies and procedures have yielded demonstrable benefits at other facilities managed by the Respondent.
- f. A description of the Respondent's capability of complying with the District's existing grant assurances, including the assurance of compatible land use around the Airport; the protection of navigation aides, approach lights, runway safety areas, and runway protection zones; and the continuation and extension of navigation easements.
- g. A description of the system that will be employed by the Respondent for ensuring responsiveness and high quality to the needs of Airport tenants.
- h. Any other items that the Respondent believes is appropriate to explain its approach to operations and maintenance of the Airport.

6. Administrative Plan

The Proposal must include an Administrative Plan describing the corporate structure by which the Airport will be managed and the corporate and personal experience that will be utilized to carry out the Airport management responsibilities. This Plan must specify the items listed below.

- a. The nature of corporate ownership and governance of the Airport operating entity to be employed.
- b. The financial and legal relationship of the operating entity to the parent company or companies.
- c. The percentage ownership and respective responsibilities of each partner firm if the operating entity is owned by more than one firm.
- d. The lines of authority and reporting, the relationship of the on-Airport management team to the governing corporate entity.
- e. The primary points of corporate liaison to the District.
- f. The role of any specified subcontractors.
- g. The Respondent's Disadvantaged Business Enterprise Outreach Plan for helping the District meet its DBE participation goal (see Section V below).
- h. Any other items that the Respondent believes is appropriate to explain its approach to administration of the Airport.

It is in the Respondent's interest to include in the Plan any unique, innovative or noteworthy approaches that the Respondent intends to employ for financial management, human resources, public relations and/or legal affairs, as well as one or more examples where these or similar innovations (including DBE participation improvement) were beneficially employed at another facility taken over by the Respondent, including any appropriate references

7. Transition Plan

The Proposal must include a Transition Plan describing the prospective timetable and methods by which the Respondent will perform, at a minimum, the transition activities listed below.

- a. Taking operational control of the Airport.
- b. Installing its planned new practices and systems.
- c. Interviewing, evaluating, training and incorporating existing Airport staff.
- d. Assume day-to-day management duties.
- e. Any other items that the Respondent believes is appropriate to explain its approach to operations and maintenance of the Airport.
- f. Any other items that the Respondent believes is appropriate to explain its approach to the Transition from public to private management of the Airport.

It is in the Respondent's interest to cite one or more examples where these or similar transition practices were beneficially employed at another facility taken over by the Respondent, including any appropriate references.

8. Airport Development and Marketing Plan

The Proposal must include a Development and Marketing Plan describing the Respondent's vision for the Airport during the first 5 to 10 years (or more) of the Respondent's management; i.e., how the Respondent plans to develop and improve the physical and commercial aspects of the Airport, as well as how it plans to market the Airport to prospective tenants and other users. It is in the Respondent's interest to cite one or more examples of where some of the ideas or practices included in the Plan were beneficially employed at another facility developed and/or marketed by the Respondent, including any appropriate references.

Where major capital improvements and developments are envisioned, the Plan must also include a description of the likely sources of financing for these major improvements, plus a basic demonstration – including a simple pro forma cash flow analysis incorporating lease payments to the District to be included separately in the Financial Offer document (Item # 10 below) -- that the planned improvements could be

supported by the cash flow of the Airport under the Respondent's management. This demonstration may include any target Airport activity levels, new developments, events or conditions that may be required for feasibility or could interfere with feasibility.

9. District and Stakeholder Relations Plan

The Proposal must include a District and Stakeholder Relations Plan describing how the Respondent will routinely interface with the entities listed below.

- a. The District's Board of Commissioners and Aviation Committee.
- b. The District's liaison staff (e.g., the District's Executive Director, Finance Director, etc.).
- c. Airport tenants and tenant groups.
- d. The Federal Aviation Administration.
- e. The State of Louisiana.
- f. The City of New Orleans.
- g. The local community and civic organizations.

It is in the Respondent's interest to cite one or more examples where the practices or procedures included in the Plan were beneficially employed at another facility operated by the Respondent, including any appropriate references.

10. Financial Proposal Fee Schedule and Lease Terms

The following items must be addressed on the Proposal in detail as they will be required to fully explain the proposed fee schedule and lease terms:

- a. The amount, *if any*, of Up-front Payment to the District upon signature of the lease.
- b. The percentage rate of the Share of Gross Revenues, *if any*, from all Airport operations and related businesses and the schedule of such payments.
- c. The Fixed Lease Payment amount or Minimum Guaranteed Lease Payment to the District, including Payment Schedule and/or Escalation Formula. The Payment Schedule and Escalation Formula at a minimum should provide for an annual increase of the lease fee by the local or national CPI.

- d. The amount, *if any*, of regular and/or periodic payments to the District with respect to the fees or other payments *for the provision of District and municipal services to the Airport*.
- e. Any other source of payment to the District, *if any*.
- f. Any conditions attached to the fixed or variable rates and amounts of payment previously specified.

IV. THE COMPETITION PROCESS

A. Pre-proposal Meeting

The District will hold a Pre-proposal Meeting for short-listed firms and consortia on June 13th, 2000, beginning at 11:00 a.m. CDT at the Airport. The event will include a meeting with Board officials, an overview of the Proposal expectations and evaluation process, and a question-and-answer session. In the afternoon, Respondents may arrange individual meetings with selected members of the Airport and District staff. These meetings can be arranged by contacting IMG.

B. Data Room

A Data Room with relevant documents has been set up in the Director of Aviation's Executive Conference Room in the Airport Terminal, and is available by appointment through IMG. The Data Room will remain open until the due date for the Proposals.

C. Questions, Clarifications and Requests for Information

Questions, Clarifications and Requests for Information must be requested in writing by letter, telefax or electronic mail directly to:

Jorge Gonzalez or Steve Steckler
Infrastructure Management Group, Inc.
4733 Bethesda Avenue, Suite 600
Bethesda, Maryland 20814
Fax: (301) 907-2906
e-mail: ssteckler@imggroup.com or jgonzalez@imggroup.com

All responses to questions will be made in writing and copies distributed to all qualified Respondents. However, no mention or identification of the Respondent that submitted the question will be made in the written response.

The District will accept written clarifications, questions and requests for additional information up to three business days prior to the deadline for Proposals. Questions, clarifications and requests for additional information submitted after that time may not be responded to.

D. Proposal Review, Selection and Negotiation

The District will review all Proposals to determine whether one or more satisfies the District's objectives for the competition (note that qualifications will also be part of the selection process). Before making such a determination, however, the District may interview one or more of the Respondents, seek clarifications of their Proposal(s) and/or visit and inspect any facilities currently operated by the Respondent(s). The District would then select one or more Respondents for negotiation of a final public-private partnership contract. The District encourages highly innovative proposals and those that convey a strategic business plan for the Airport.

Proposals will be evaluated according to the standards listed below.

1. Technical Proposal

- a. The benefits of the Proposal for the Airport, the District and the community.
- b. The level of innovation, insightfulness, competence and strategic vision demonstrated by the Proposal.
- c. The overall clarity and quality of the Proposal and its responsiveness to the stated goals and objectives of the District.
- d. Any identifiable cost impacts that would accrue to the District as a result of the implementation of the Proposal, separate from any lease payments, revenue share or up-front payments.

2. Financial Offer

- a. The estimated Net Present Value to the District of the proposed monthly lease payments and/or any other fixed payments, taking into consideration any contingencies or conditions in the Financial Offer, and/or apparent risks that may affect the ultimate value to the District of the Financial Offer, if any.
- b. Potential and likely net present value to the District of the proposed share of gross revenues, if any.
- c. The likely economic value of the Proposal to the District and the State of any taxes and other fees for services that may be derived from the Airport and other Airport related businesses, if any, as a result of the implementation of the Respondent's proposal.

In evaluating the Respondent's Financial Proposal, the District plans to give the greatest consideration to the sum of the discounted present values of the respective payment streams and bona fide reductions in the District's own

cost of operating the Airport, recognizing that not all Financial Proposals will include all types of payments. The discount rate used is expected to approximate the District's own long-term cost of capital, however the District retains full and absolute discretion in establishing the discount rate and any additional risk premiums, and in weighting, discounting and/or otherwise considering any proposed payment stream that may not be absolute, fixed or certain, including without limitation, any risks, concerns or possible mitigating factors that the District believes may be associated with the subject payment stream.

3. Qualifications and Record of Relevant Performance

The results of the District's review of the Statements of Interest and Qualifications will be incorporated into the final selection process.

E. Respondent Costs and District Rights

All costs and expenses incurred by the Respondent relating to the preparation of the Proposals will be born by the Respondent. The District is not liable to pay any costs or expenses to Respondent under any circumstance including the rejection of any or all Proposals and/or the cancellation of this process.

The District has the right at its sole discretion to reject any and all of the Proposals, to accept any Proposal, and to elect not to proceed with this process.

This Request for Proposals (RFP) does not constitute an offer of any nature or kind whatsoever by the District to any or all of the Respondents.

F. Amendment to this Request for Proposals

The District may at its discretion amend the terms and conditions of this RFP. For this purpose the District will issue amendments to this RFP which will be provided in writing to the short-listed firms or consortia, who in turn must acknowledge in writing receipt of the amendment. Amendment and acknowledgement responses can be sent via telefax, by mail or electronic mail to IMG.

G. Clarification and Investigation of Proposals

The District reserves the right to request clarifications of the contents of any Proposal and further investigate its content.

The District may require some or all Respondents to submit supplementary information clarifying any matters contained in their Proposals. This supplementary information will be considered an integral part of the Proposal. The request from the District will be in writing and all responses from Respondents should be in the same manner.

H. Respondent Consent to the Terms of this RFP

By submitting a Proposal, the Respondent agrees to abide to all the terms and conditions herewith established.

Respondents must acknowledge in writing that they accept the District's right to accept, reject or negotiate modifications to any Proposal as it deems, in its sole discretion, to be in the best interest of the District.

I. Respondent Confirmations

If the Respondent is a corporation, the Proposal must be signed by an officer of the corporation, indicating the signer's official capacity and stating that the signer is authorized to sign and submit the Proposal on behalf of the corporation. If the Respondent is a partnership or consortium, the Proposal must be signed by a general partner or other duly authorized person. The title and official capacity of the person signing the Proposal must be stated, including a statement that the signer is authorized to sign and to submit the Proposal on behalf of the partnership or other entity.

J. Adding or Deleting Members of the Respondent Team

The District considers the firm or firms named in the Statement of Interest and Qualifications to constitute the Respondent unless otherwise amended prior to or at the time of submitting its Proposal. As noted in the *Request For Offers: Statements of Interest and Qualifications*, the Respondent is free to *add* one or more new consortium partners or subcontractor firms after the Respondent is short-listed and prior to submitting a Proposal. However, the District's written approval is required for any such addition, and any such addition may not dilute the financial strength or clarity of responsibilities of the Respondent, the determination of which is the sole discretion of the District. No additions to a consortium will be approved by the District after July 14, 2000.

If the Respondent *deletes* a firm from its team (either consortium partner or subcontractor) after including it in its Submittal it must immediately notify the District in writing. If the District, in its sole discretion, determines that such deletion has materially diminished the qualifications of the Respondent, then the District may disqualify the Respondent from further participation in the competition or, at a minimum, reduce its score in the final selection process.

V. DISADVANTAGED BUSINESS ENTERPRISES

It is the established policy of the Orleans Levee District to provide reasonable opportunities for Disadvantaged Business Enterprises to compete for or perform on contracts let by the District. Toward this end, the District encourages major prime contractors to provide opportunities for these businesses to become involved as subcontractors, either as part of this competition or after the Respondent takes over operation of the Airport.

“Disadvantaged Business Enterprise” means a small business organized for profit performing a commercially useful function which is owned and controlled by one or more DBE individuals or businesses. Owned or controlled means a business in which one or more DBE owns at least 51 percent, or in the case of a corporation, at least 51 percent of the voting stock and control of at least 51 percent of the management and daily business operations of the business.

The District anticipates that whatever type of public-private partnership is eventually consummated as a result of this competition, the resulting contract will include negotiated provisions designed to assist the District in meeting its overall goal of at least 16 percent participation by DBE businesses.

VI. CONCLUSION

The District recognizes and appreciates the considerable effort your firm will undertake in developing your Proposals, and is committed to the conduct of an exceptionally fair, methodical and efficient process. The District welcomes your Proposal and looks forward to the successful conclusion of this promising competition.

NOTE: This document constitutes the 5-30-00 Release of the RFP. While the District has noted most of the material changes made since the 5-17-00 Draft RFP sent for Respondent review and comment, it is the Respondent's sole responsibility to review this Release, including identifying and understanding any changes made to the document since the 5-17-00 Draft RFP.

END 5-30-00 Release